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Statement

U.S. Department of Agriculture • Office of Public Affairs

by Richard T. Crowder, Under Secretary, International Affairs and Commodity Programs, U.S. Department of Agriculture before the House Committee on Agriculture, Jan. 9.

Mr. Chairman, members of the Committee, I appreciate this opportunity to appear before you to discuss the current status of the GATT multilateral trade negotiations on agriculture. First, I want to thank you and other members of the Committee who came to Geneva in December during that critical phase of the negotiations. We benefited from your interest and your counsel.

We also were fortunate to have a large number of private sector representatives in Geneva in December. We received valuable advice from these representatives and reflected their issues and concerns during the discussions preceding the publication of the Dunkel text.

Since the opening of the Uruguay Round more than five years ago, it has been a long, hard and, at times, frustrating road, especially for the agricultural portion of these negotiations. Today, we are hopeful that we can bring these talks to a conclusion that will benefit U.S. farmers and agricultural trade worldwide.

American farmers are among the most efficient in the world. Our goal in the Uruguay Round has been constant—the reduction of trade distorting policies for freer and fairer global agricultural trade. Given a more open world trading system, our farmers will compete successfully and achieve higher incomes in an expanded world market.

The Uruguay Round discussions are now focused on the comprehensive draft released by the Director-General of the GATT, Arthur Dunkel, on December 20. While this paper is not a final document, it is the Director-General's attempt to strike a compromise across all of the negotiating groups. There are some pluses and minuses for all participants in all of the negotiating areas. This comprehensive document includes, of course, a draft text on agriculture.

In several areas, including agriculture, no consensus was achieved among the participants and Mr. Dunkel has now determined to propose his own solutions. Therefore, the draft represents his attempt to resolve

many contentious issues. Our analysis of this document is continuing, but we believe that it provides a framework to bring the negotiations to a successful conclusion.

It is important to keep in mind there is no agreement with respect to anything in this draft until there is agreement with respect to the entire contents of this draft and the commitments of individual countries. Therefore, more negotiating must be done before we will be finished. Only then can we make definitive judgments of its benefits.

Mr. Chairman, with your permission I would now like to highlight the key components of the Dunkel text on agriculture and then respond to questions that you and other members of the Committee may have.

Overview of the Draft Text on Agriculture

The draft text calls for specific commitments to reduce export subsidies, internal supports and market access barriers. Reduction commitments are to be implemented over a six-year period, beginning in 1993. One year before the end of the implementation period, negotiations—in accordance with a "continuation clause"—will be initiated to continue the reform process. The text also establishes disciplines on sanitary and phytosanitary measures that will prevent countries from using these measures as disguised barriers to trade.

In addition, the enhanced GATT dispute settlement procedures developed in the Uruguay Round will apply to agriculture.

I will now briefly present an overview of each of the four major areas of the agricultural trade negotiations.

Export competition

There are both volume and budget disciplines on the use of export subsidies. The base period for determining subsidy reductions will be 1986-90. Reductions would be measured from the average level of export subsidies provided in that period. This means that for cases in which export subsidies have increased since the 1986-90 period, the reductions could be significantly greater than simple reductions from current levels.

Only direct export subsidies will be subject to reduction commitments. Internal support, such as deficiency payments and marketing loans, will not be subject to these commitments.

The volume of primary and first-stage processed products exported with subsidies will be required to be reduced by 24 percent. Other processed products will be subject to budgetary disciplines. Budgetary outlays on

export subsidies for primary and processed products will be reduced by 36 percent.

Market access

Market access would be increased by converting non-tariff barriers—such as the EC's variable levy, the U.S. Section 22 quotas and the Japanese import ban on rice—to tariffs which would then be subject to a reduction of 36 percent on average with a minimum rate of 15 percent for each tariff line.

All non-tariff market access barriers will be subject to this tariffication process, except for temporary safeguard measures under Article 19 of the GATT and balance of payment restrictions. The base period for tariffication will be 1986-1988.

Minimum access commitments at zero, or very low tariffs, will be set at 3 percent of domestic consumption in 1986-88 and expanded to 5 percent. Current access for tariffied products that have imports above 5 percent of consumption will be maintained. Growth in the zero or low tariff access opportunity will be possible, but probably only through the request/offer process.

A special safeguard provision for tariffied products can be triggered either in response to import surges or low import prices.

Internal supports

Measures providing internal support, unless specifically exempted from reduction commitments, would be reduced by 20 percent between 1993 and 1999 from 1986 levels (using a 1986-88 fixed reference price).

The Aggregate Measure of Support (AMS) will be used to carry out reductions in domestic support for individual commodities as well as for sector wide programs. If support for a single commodity or for the sector wide programs is 5 percent or less, no further reductions are required.

Sanitary and phytosanitary measures

The sanitary and phytosanitary element of the agreement would provide meaningful disciplines to ensure that countries do not erect unjustified trade barriers under the guise of health concerns.

At the same time, the text on these measures explicitly recognizes the rights of countries to protect human, animal, and plant life and health through appropriate sanitary and phytosanitary measures.

The text also calls for such measures which impact on trade to be science-based, and it excludes various nonscientific considerations which had been opposed by the United States.

While encouraging the use of international standards, the agreement also recognizes the right of countries to use stricter standards.

The agreement includes the concepts of equivalency and pest- and disease-free areas. It also makes it clear that the sanitary and phytosanitary area will be covered by the GATT dispute settlement procedures.

As I mentioned earlier, the Dunkel text represents his attempt to bridge differences on a number of contentious issues. Therefore, there are a number of things in the text that are not as we would have liked. Let me point out some of them.

The language in the text does not liberalize agricultural trade in the near-term as much as the United States would like.

We would like to see greater reductions in export subsidies in quantity terms.

We would like to see opportunities for the expansion of current market access.

We would like to have quantitative and budgetary disciplines on exports of processed products. The draft text would apply only budgetary export disciplines to these products.

There also are a number of areas in the text where the meaning is not clear.

Over the coming weeks we will be discussing these and other issues in Geneva. Once this process is completed, we will be in position to pass final judgment on the document.

That concludes my statement, Mr. Chairman. I would be glad to answer your questions and those of the other committee members.

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Remarks

U.S. Department of Agriculture • Office of Public Affairs

Prepared for delivery by the Secretary of Agriculture, Edward Madigan, Before The American Farm Bureau Federation Annual Meeting, Kansas City, Mo., Jan. 13.

It is a pleasure to be invited to Kansas City. When you're from Lincoln, Illinois, Kansas City is a very big town! However, I spent 16 years on the Ag Committee. Why wasn't I ever invited to Orlando or Hawaii? Well, there's always next year.

I do want to say that it's an honor to have this opportunity to address you—the farmers of America—who take an active part in Farm Bureau affairs.

Last December, I participated in a news conference with the American Farm Broadcasters. One of the things they wanted to know were my predictions for 1992 commodity prices. I told them I expected wheat to go for about $20 a bushel; corn in the range of $12.50 to $12.75; and soybeans about $11.25, maybe ticking upward to as much as $11.30 or $11.35. They tell me I have the same record as the economists—50 percent right. Well, 50 percent of $20 is $10!

As a farmer, you are affected by a number of issues—ranging from weather patterns to government regulations to world events. As far as the weather goes, I don't think there's much that any of us can do. We just have to keep the faith and remember, as Albert Einstein said, "God is subtle but not malicious."

USDA can, however, make a positive difference in some of the other areas. Consequently, I have built my agenda for the Department of Agriculture around what I see as the defining issues for American agriculture's future. Namely, we're working on:

— Letting farmers be farmers;

— Exploring new ways to use farm products which will create new domestic markets as well as working to expand foreign markets;

— Reaping the potential for environmental benefits from agriculture; and

— Empowering consumers with the information they need to eat smart.

I'd like to talk about the first couple of items today, starting with what we're doing to improve our program delivery and make it easier for farmers to be farmers. Let me put it this way:

When a farmer finds a rock in the field he's plowing, he has to stop the tractor, climb down, pick up the rock and remove it. That rock becomes an obstacle—to him and his progress. If there are a lot of rocks, productivity decreases. Frustration builds.

I don't want the Department of Agriculture to be a rock in any of your fields. That's why we've been working with you on ways to help simplify your life—we've been bringing farmers to Washington and letting them tell us what they want, asking them how we can make our offices and services more farmer-friendly.

And you and your colleagues—working with us—have come up with a number of things we're going to be doing. This spring USDA will test eight projects in 16 locations across the nation to improve our services to you, cut the red tape and reduce the paperwork hurdles you face.

For one thing, we think you spend too much time standing in line at government offices—and that's the very first thing we're going to do something about. We're going to have Smart Cards, where much of the information you need—when you go into one of our offices—will be stored on a magnetic chip inside your Smart Card. And all you'll have to do is put it on the counter.

— With a Smart Card, you won't have to fill out nearly as many forms because most of what that ASCS office, or SCS office, needs to know is going to already be on your card.

And we're doing more than that. For example, some of our other pilot programs include:

— flexible office hours to make it more convenient for you to visit USDA offices after work or on Saturdays;

— using FAX machines to speed information and document transfers between USDA offices and producers;

— toll free 800 numbers so farmers and ranchers can call USDA agencies and get service information without paying long-distance telephone charges; and

— a series of town meetings where farmers and ranchers can talk with me—ask me questions—via satellite.

There are other things we can do administratively to help farmers, such as the steps we took last year to help dairy farmers.

We continue to be concerned about the financial stress many dairy farmers are feeling. Milk prices have begun what is a predictable seasonal decline, and we want to do what we can to assure price stability and shore up dairymen's incomes.

Last year, USDA took a number of administrative steps that proved helpful in raising milk prices—from last April's national all-milk price of $11.30 to December's price of $13.90. I want producers to know that we plan to take action this year and are examining our options. While we will never be able to do away with seasonality in milk prices, we do want to make markets more stable and avoid needlessly low prices.

Dairy farmers aren't the only ones thinking about financial matters and the economy. Every time we open a newspaper or turn on the television the word "economy" jumps out. Let me ask you a couple of questions and put a few numbers on the table for discussion:

— Do you remember that in 1980 the prime interest rate was more than 20 percent? Now it's 6-1/2 percent.

— Do you remember that the inflation rate was nearly 13 percent? Today, it's only 3 percent.

— Back at the turn of the last decade, 99 million people were working. Now almost 117 million have jobs—that's nearly 18 million new jobs created in the last 10 years.

I'd rather finance a combine at 6.5 percent than at 20 percent. It's a whole lot easier to keep up with 3 percent inflation than it is 13 percent. If you look at the inflation rate, if you look at the interest rate, and if you look at the total number of people working—the total statistics tell a story.

I believe the story is that there is reason to believe we are and have been on the right track. Sure, we're not where we want to be. As President Bush has said, "If you are out of work, your unemployment rate is 100%." We have to be concerned about folks without a job and we are.

At USDA, we're working to create new domestic markets and expand foreign markets. I'm talking about new jobs. Let's talk about foreign markets first.

I know some of you have traveled a good distance to be here. I've been traveling, too—to Brussels, to Brussels, and to Brussels. So, let me say a few words about GATT and the Dunkel text you've heard so much about.

As you know, at the latest round of GATT talks, Director-General

Dunkel presented a text for consideration by the 108 nations involved in the negotiations. For the past several weeks, Department experts have been poring over the Dunkel text and analyzing the fine print.

The Dunkel text represents the Director-General's attempt to bridge the differences that exist on a number of contentious issues. During our analysis, we found areas that didn't meet our goals, and places in the text where the meaning wasn't clear. However, I believe the Dunkel text does give us a framework to bring the negotiations to a successful conclusion. And starting today, our representatives are back in Geneva discussing the issues that still concern us.

I recognize the benefits that expanding foreign trade can bring to American producers AND consumers. In fact, for every dollar received from agricultural exports in 1990, there was an additional $1.59 in economic activity here at home—for a total of $62.8 billion. The President has stressed the importance of this to you. You have his commitment to stay in the fight for fair and free trade.

Foreign markets are susceptible to competition, to economic downturns and currency fluctuations. So, while we're not going to give up on GATT, we're not going to put all our eggs in the foreign export basket either.

Instead, I think we ought to try to change the thinking of our outstanding researchers. We need to encourage them to find other ways to use our farm commodities that will create new domestic markets—markets that will have the virtues of stability and permanence.

America is globally competitive today, and we need to do everything necessary to make sure we continue to be a competitive force. We must also be on the cutting edge of research and development of new uses for farm products. Finding new domestic markets can do a lot more for our farmers and ranchers than just move product—expanding domestic markets can create jobs in rural America.

I grew up in rural America, and for nearly two decades, I represented a rural district in Congress. So I've seen and felt firsthand the changes in rural America. When I was a kid in Lincoln, Illinois, one of my father's ambitions was to own a Chevrolet dealership. He never had the opportunity to fulfill that dream. ...

Instead, I watched Chevy dealerships close down. Small town hospitals shut their doors and doctors leave town. Schools consolidate and parents being forced to bus their children to schools located miles away. If we want to stop this decline, we need to focus on foreign markets but we

also need to focus on developing new uses for our agricultural resources.

President Bush is hard at work strengthening and promoting rural development. The President's Rural Development Council is one of several initiatives he has activated. The Economic Policy Council's Working Group on Rural Development—which I chair—is another.

We know where we are today. What is our vision for tomorrow? It should be to generate new markets for farm commodities and create real jobs in rural America. USDA wants to help farmers and companies move products from the fields, through the labs, and to the marketplace.

America is an open field of opportunity. But when opportunity knocks, you still have to get up and answer the door! Our farmers are some of the hardest working people in America—up at the crack of dawn to milk the cows, sweating under a hot sun to plow the fields, and battling with Mother Nature to bring the crops to harvest.

A vision without a plan and follow up never becomes a reality. And that's why last month at our "Outlook '92" Conference, I said that USDA should be on the cutting edge of research and development activities in this area. And today I am repeating my commitment to do just that. So far we have:

— asked USDA agencies to develop plans to increase research and development of alternative uses for agricultural products;

— significantly increased funding for biofuels research and development this year, coordinating our initiatives with the Department of Energy;

— asked the Land Grant Colleges and Universities to join in this effort to find new industrial uses for our farm and forestry commodities; and

— initiated discussions with the Departments of Commerce and Energy, the Environmental Protection Agency and the Small Business Administration to promote further collaboration. There are a number of exciting industrial uses for new and traditional farm products. Last year, the United States imported billions of dollars worth of products—many of which could have been produced right here at home. The progress of companies such as Warner-Lambert, Mobil Oil, Cargill and Archer Daniels Midland shows tremendous potential.

Warner-Lambert has invested more than $100 million in developing plastic-like products and biodegradable packaging materials from corn, wheat and potato starch. This includes a new plant in Northern Illinois.

We import about 60 percent of our newsprint at an annual cost of nearly $4.5 billion. Kenaf International is planning to open a plant in

McAllen, Texas, to make newsprint from kenaf, an annual fiber crop that grows there.

Mobil Oil is using Canola (edible rapeseed) oil to make hydraulic fluid and refrigerants. Another company, International Lubricants Inc. in Seattle, Washington, is marketing automatic transmission fluid supplements made from industrial rapeseed derivatives. Tests show that using these new industrial fluids can reduce transmission wear by more than half.

Recent USDA advances in soy ink research show promise for replacing a high percentage of petroleum-based inks with soybean oil. So far, two out of every three daily newspapers in America use colored ink containing soy oil.

And, of course, you are already familiar with some of the work being done on biofuels such as ethanol. About 850 million gallons of ethanol are produced from corn and sold annually—but did you know that ethanol is also being made from wheat in areas such as Montana and from barely in places like North Dakota?

As an added bonus, many of these new products—like biodegradable plastic substitutes, industrial fluids from rapeseed derivatives and biofuels—will also benefit the environment.

There are many, many more examples to illustrate the potential these alternative uses of farm and forestry products hold for America's economy and environment. I salute these endeavors, and I want to encourage other companies to work with us in similar quests to turn R&D advances into profitable products that will promote a healthier environment. Together we can accelerate the pace and fulfill our common goals.

This potential for new economic activity touches rural communities across America. The new processing plants to make the products we've been talking about are being built in rural areas because that's where the raw materials are. This in turn is creating real jobs and increasing the tax base.

Promoting research and development in this field will produce the seeds for our future. All the basic ingredients are there, waiting for a dash of good old-fashioned American ingenuity and enterprise.

Our nation is the culmination of more than 200 years of hard work, determination and faith. America didn't just happen, it was built one brick at a time...

Thanks for being such an attentive audience and God Bless you.

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News Releases

U.S. Department of Agriculture • Office of Public Affairs

USDA REQUESTS COMMENT ON PROPOSED CONCENTRATION STUDY

WASHINGTON, Jan. 9—The U.S. Department of Agriculture today announced it is seeking public comment on a proposed study of concentration in the red meat packing industry.

Concentration is the share of business accounted for by the leading red meat packing firms.

"USDA's Packers and Stockyards Administration was appropriated $500,000 for fiscal year 1992 to study concentration in the red meat packing industry," said Virgil M. Rosendale, P&SA administrator. "At least $250,000 of this amount will be used to contract with other organizations and universities."

Rosendale said a notice will be published in today's Federal Register requesting public comments on potential projects for the study. "The possible topics or projects of a concentration study in the red meat industry are numerous," Rosendale said. "To assist in the decisions concerning those specific projects, we are requesting comments on project selection, research methodology, data needs and sources, and potential participants."

Comments should be sent by Feb. 7 to: Gerald E. Grinnell, IAS-P&SA- USDA, Room 3052-S, Washington, D.C. 20250-2800.

Sara K. Wright (202) 720-9528

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USDA REVISES FRESH SWEET CORN STANDARDS

WASHINGTON, Jan. 10—The U.S. Department of Agriculture will revise the U.S. standards for grades of sweet corn to reflect the way the vegetable is harvested and marketed.

"U.S. grades apply only to sweet corn in husks, but much corn that is now retailed is already husked, trimmed and wrapped in plastic packages," said Daniel D. Haley, administrator of USDA's Agricultural

Marketing Service. "Two sweet corn industry groups requested updating the standards which have not been changed since 1954."

There will now be two grades for husked sweet corn—U.S. Fancy Husked and U.S. No. 1 Husked—with criteria being the amounts of husk left on the ear, clipping of the ends of the ear and absence of other superfluous material such as corn silk threads.

Another change will add the term "moderately filled" to minimum requirements of the U.S. No. 2 grade. Previously the standard for that grade required that the cob "not be poorly filled." Proponents say the change will give a grader something more concrete on which to judge the criterion of filling.

"Sweet corn standards" in official U.S. grading language, are called "green corn standards," because in 1954, when USDA established these standards, two kinds of corn were marketed for human consumption. One, known as sweet corn today, was then called "sugar corn," and the other was "roasting corn," which was immature corn, ripened and dried for animal feed or corn products.

AMS works with industry groups and other interested parties to establish or revise U.S. standards for hundreds of agricultural products. Use of the standards is voluntary, i.e., industry-requested, and paid for by users.

The new standards will appear as a final rule in the Jan. 13 Federal Register and become effective Feb. 12. Copies may be obtained from AMS, USDA, Fruit and Division, Fresh Products Branch, Standardization Section, Rm. 2056-S, P.O. Box 96456, Washington, D.C. 20090-6456; telephone (202) 720-5870.

Rebecca Unkenholz (202) 720-8998

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USDA SETS REGULATORY MEASURES IN CALIFORNIA FOR MEXICAN FRUIT FLY

WASHINGTON, Jan. 9—To prevent the Mexican fruit fly from spreading to uninfested areas, the U.S. Department of Agriculture is quarantining certain fruits and vegetables in part of Los Angeles County, Calif.

Avocadoes, apples, peaches, pears, plums, prunes, pomegranates and certain varieties of citrus fruit cannot leave the Maywood area of Los Angeles County unless they have been certified by an agricultural inspector.

"Immediate action was necessary to prevent the spread of Mexican fruit fly which destroys many types of fruits and vegetables," said B. Glen Lee, deputy administrator for plant protection and quarantine of USDA's Animal and Plant Health Inspection Service.

The interim rule setting up the quarantine also designates parishes in Louisiana, the territory of American Samoa, and the Commonwealth of the Northern Mariana Islands, as restricted areas because climate and citrus plantings make these areas favorable environments for the Mexican fruit fly.

Before regulated fruits and vegetables from a Mexican fruit fly quarantine area can leave that area or enter a restricted area, agricultural inspectors must certify shipments are free of Mexican fruit flies.

The rule also adds two alternative methods—a fumigation treatment for grapefruit and oranges and a malathion bait spray on growing fruits—to the list of approved treatments that may be used to certify regulated fruits and vegetables for interstate movement.

Previously, Texas was the only state with areas regulated because of the Mexican fruit fly.

The interim rule was published in the Jan. 7 Federal Register. Comments will be accepted if they are received on or before March 9. An original and three copies of written comments referring to docket 91-174 should be sent to Chief, Regulatory Analysis and Development, PPD, APHIS, USDA, Room 804 Federal Building, 6505 Belcrest Road, Hyattsville, Md. 20782.

Comments received may be inspected at USDA, Rm. 1141-S, 14th Street and Independence Avenue, S.W., Washington, D.C., between 8 a.m. and 4:30 p.m., Monday through Friday, except holidays.

Doug Hendrix (301) 436-7253

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USDA ACCELERATES AVAILABILITY OF 1992 HOUSING LOANS

WASHINGTON, Jan. 9—The U.S. Department of Agriculture's Farmers Home Administration has released $1.3 billion in direct loans and $330 million in loan guarantees for the purchase of single-family homes by low and moderate income families in rural areas, Agriculture Secretary Edward Madigan announced today.

"The immediate availability of these funds will help many families throughout rural American who want to buy a home," Madigan said. "Many of the homes financed by FmHA are newly constructed and will provide needed jobs in the homebuilding and construction industries."

Madigan said USDA is speeding release of the funds in response to a directive from President Bush that federal agencies accelerate delivery of program funds that provide opportunities and assistance to the American people.

FmHA's direct housing loans are made to rural residents who are without adequate housing and whose incomes are below 80 percent of the area median income.

The agency's housing loan guarantees enable private lenders to offer housing loans with no down payment to moderate income rural residents. Under the program, a local lender makes the loan and FmHA provides a guarantee that protects the lender against 100 percent of a loss on up to 35 percent of the loan amount, and 85 percent of a loss on the remaining 65 percent of the loan.

This loan guarantee program, in its first year of operation on a nationwide basis, is for moderate income residents—those with incomes 80 to 100 percent of the area median. The program is available in small towns of less than 10,000 population and in most rural towns of less than 20,000 population.

Dallas R. Sweezy (202) 720-4323

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USER FEES TO PAY FOR INSPECTING AGRICULTURAL IMPORTS AND CERTIFYING EXPORTS

WASHINGTON, Jan. 10—The U.S. Department of Agriculture's Animal and Plant Health Inspection Service will begin collecting user fees for many certification, inspection and testing services on Feb. 9.

"These and previously implemented APHIS user fees will save taxpayers $119 million annually," said Robert B. Melland, APHIS Administrator.

On May 13, 1991, APHIS instituted user fees for inspecting commercial vessels, truck and railroad cars, and commercial passengers on airlines arriving from outside the United States.

The fees will help APHIS recover costs for several additional inspection and supervision services, including the importation of animals and birds; the inspection of international commercial aircraft; the issuance of phytosanitary certificates for plants and plant products for export; and the issuance of export certificates for animals for export.

Technical amendments to the 1990 Farm Bill, made after the proposed rule on charging user fees was published Aug. 7, 1991, limit the amount APHIS may collect in user fees for airport inspection services. Therefore, the fee for commercial aircraft arriving from outside the U.S. customs territory has been reduced from the proposed $117.50 to $76.75.

The proposed rule originally included user fees for veterinary diagnostic services as well. After considering the 176 comments received, APHIS has determined further study was required on these proposals, and fees for these services are not included in the final rule.

APHIS user fees are authorized by the 1990 Farm Bill as amended by technical corrections to the legislation adopted in 1991 and the 1990 Budget Reconciliation Act. The fees are deposited in an account used to pay for inspection services.

The final regulatory impact analysis is available for inspection at USDA, Rm. 1141-S, 14th Street and Independence Avenue, S.W., Washington, D.C., between 8 a.m. and 4:30 p.m. Monday through Friday, except holidays, or by telephoning (202) 382-1368.

The final rule establishing the user fees was published in the Jan. 9 Federal Register.

Doug Hendrix (301) 436-7253

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USDA ANNOUNCES CHANGES IN PURCHASE PRICES FOR BUTTER, CHEESE, NONFAT DRY MILK

WASHINGTON, Jan. 10—The U.S. Department of Agriculture announced changes, effective Jan. 17, in the support purchase prices paid by USDA's Commodity Credit Corporation for nonfat dry milk, butter and cheese.

Keith Bjerke, CCC executive vice president, said the changes would better reflect the market value of milkfat and nonfat components of milk, encourage milk producers to produce milk with a higher proportion of nonfat solids and promote greater commercial use of milkfat.

The support purchase price for nonfat dry milk will be increased by 6.20 cents per pound to 91.20 cents. The butter price will be reduced by 11 cents per pound to 87.25 cents.

These are offsetting adjustments of 50 cents per 100 pounds of milk. Because of the change in milkfat value, the CCC purchase prices for block Cheddar and barrel cheese will be increased to from $1.11 to $1.11375 and from $1.07 to $1.07375, respectively. The price support for milk remains at $10.10 per hundredweight (cwt.) for milk containing 3.67 percent milkfat. The equivalent support price for milk with a milkfat content of 3.5 percent is $9.94 per cwt.

To encourage sales of butter to CCC in consumer-size packages for use in domestic feeding programs, CCC is adjusting the price it will pay for print butter under Announcement KC-B-4, "Purchase of Salted Print Butter for Use in Domestic Donations Programs," as amended. Effective for print butter manufactured on or after Jan. 17 CCC will pay 3 cents per pound over the announced price support purchase price for salted bulk butter. This is an increase of .25 cents over the previous differential. The new price for print butter is 90.25 cents per pound.

Sale of CCC-owned butter for unrestricted use will be temporarily suspended Jan. 17. Further terms and conditions for CCC purchase of dairy products will be contained in CCC announcements.

The following purchase prices are effective Jan. 17 until further notice:

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS
(Dollars per Pound)

Product	Products Produced before Jan. 17 and Graded and Offered by Jan. 31[3]	Products Produced on or after Jan. 17 or Not Graded and Offered by Jan. 31[3]
BUTTER: U.S. Grade A or Higher		
64- and 68-lb. blocks		
Salted	0.9825	0.8725
Unsalted	1.0025	0.8925
NONFAT DRY MILK: (Spray), U.S. EXTRA GRADE (but not more than 3.5 percent moisture):		
Nonfortified (50-lb. bags)[1]	0.8500[3]	0.9120[3]
Fortified (Vitamins A & D) (25 kilogram bags)[1]	0.8600[3]	0.9220[3]
CHEESE: Standard Moisture Basis[2] (37.8 - 39.0 percent moisture)		
40- and 60-lb. block Cheddar, U.S. Grade A or higher (but not more than 38.5 percent moisture)	1.1100[3]	1.11375[3]
500-lb. Barrel Cheese U.S. Extra Grade (but not more than 36.5 percent moisture)	1.0700[3]	1.07375[3]

[1] Nonfat dry milk in bags which are classified as "Type X" will be accepted at a discount of 0.50 cent (1/2 cent) per pound.

[2] The price per pound for cheese which contains less than 37.8 percent moisture shall be shown in the Moisture Adjustment Cheese Price Chart (Form ASCS-150), which will be furnished upon request.

[3] With respect to purchases of nonfat dry milk and cheese, the higher purchase prices in this schedule will apply only to products produced on or after January 17, 1992. Any eligible products with respect to nonfat dry milk and cheese which are produced before that date will be eligible only for the lower prices in the table regardless of the date on which the products are graded and offered.

Bruce Merkle (202) 720-8206

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USDA RESEARCH AGENCIES SIGN COOPERATIVE AGREEMENT WITH JAPAN

WASHINGTON, Jan. 13—U.S. Department of Agriculture research agencies signed a memorandum of understanding today with their counterpart agency in the Japanese Ministry of Agriculture to develop cooperative research programs.

The agreement gives added emphasis to cooperation in agricultural research under a broader U.S.-Japanese technology agreement signed in 1988 by [then] President Ronald Reagan and [then] Japanese Prime Minister Noboru Takeshita.

''International cooperation like this can benefit both countries,'' said R. Dean Plowman, administrator of the Agricultural Research Service, USDA's chief scientific agency. ''Both nations have strong agricultural programs that can benefit from better communication.''

Two areas of special interest are the search for insects and plants that may act as natural biocontrol agents and the development of natural products from plants—such as pest controls and industrial products—an area in which the Japanese have particular expertise.

Plowman signed the agreement on behalf of ARS and three other USDA agencies: the Forest Service, the Cooperative State Research Service, and the Office of International Cooperation and Development.

Keiji Kainuma, director general of the Agriculture, Forestry and Fisheries Research Council Secretariat, signed the memorandum for Japan.

''We look forward to strengthening relations between ourselves and Japanese scientists, developing cooperative research programs, and exchanging information and technology,'' said Plowman.

"We hope to develop specific areas for projects in the next several months," he added. "Once we do that, we hope to send some senior scientists to Japan to work with their researchers."

Broad areas of interest for both countries include biotechnology, energy in agriculture, animal and plant science, soil science, agricultural chemistry, food science, agricultural engineering, and forestry, according to the agreement.

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USDA REVISES IN-THE-SHELL PISTACHIO NUT STANDARDS

WASHINGTON, Jan. 14—The U.S. Department of Agriculture will add a new grade—"U.S. No. 3"—to the U.S. standards for grades of pistachio nuts in the shell, beginning Feb. 14.

Daniel D. Haley, administrator of USDA's Agricultural Marketing Service, said the new grade has the same requirements as U.S. No. 2 grade except higher tolerances will be provided for some external defects, e.g., shell staining, nonsplit and not-split on suture, and damage by other means.

The new grade will permit nuts with a higher degree of shell staining and other visual defects than presently provided for in the U.S. grades, to carry the U.S. No. 3 grade and enter the retail market.

Pistachio shell staining results when certain tannins (or naturally occuring acids) in the husk of the nut discolor the shell. Stains on the shell, however, appear to have no effect on the nut's kernel or interior.

AMS works with industry representatives and othr interested parties to establish or revise U.S. standards for many agricultural products. These standards facilitate commerce in agriculture commodities by providing a common language to describe product quality.

Details of the new standards will appear as a final rule in the Jan. 15 Federal Register. Copies may be obtained from the Standardization Section, Fresh Products Branch, Fruit and Vegetable Division, AMS, USDA, Rm. 2056-S, P.O. Box 96456, Washington, D.C. 20090-6456; telephone (202) 720-2185.

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USDA TARGETS MARKETS FOR EXPORT OF DAIRY PRODUCTS

WASHINGTON, Jan. 14—Secretary of Agriculture Edward Madigan today announced allocations under the Dairy Export Incentive Program (DEIP) to help exporters of U.S. milk powder, butterfat and Cheddar cheese compete on the world market.

"This program helps U.S. dairy farmers, processors, manufacturers and exporters gain access to foreign markets and compete against subsidized competition," said Madigan. "It's an opportunity for the U.S. dairy industry to demonstrate the quality of its products to foreign buyers."

Export sales will be facilitated through the payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of milk powder, butterfat and Cheddar cheese will be made through normal commercial channels at competitive world prices.

Bonuses under the program are available to 84 countries totaling 150,800 metric tons of milk powder, 70 countries totaling 41,800 metric tons of butterfat and to 13 countries totaling 4,700 metric tons of Cheddar cheese as allocated as shown in the tables below.

These allocations will be valid until Dec. 31, as provided in the invitation for offers. Details of the program, including an invitation for offers, will be issued in the near future.

The DEIP was created by the Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990.

For more information call Randy Baxter, (202) 720-5540, or L.T. McElvain, (202) 720-6211.

Quantities of U.S. Milk Powder Eligible for Shipment with Bonuses to Eligible Countries under the DEIP

Country/ Region	Allocation (MT)	Country	Allocation (MT)
Algeria	20,000	Bolivia	1,000
Brazil	10,000	Chile	4,000
China	5,000	Colombia	1,000
Cyprus	250	Egypt	5,000
French Guiana	250	Greenland	100
Guyana	250	Israel	2,000
Jordan	3,000	Malta	100
Morocco	2,000	New Caledonia	250
Pakistan	3,000	Saudi Arabia	15,000
Seychelles	100	Suriname	500
Tunisia	4,000	Turkey	1,500
Venezuela	15,000		
AFRICA	20,000		

(Angola, Benin, Burkina, Burundi, Cameroon, Canary Islands, Cape Verde, Central African Republic, Chad, Congo, Cote d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Gambia, Ghana, Guinea, Mali, Mauritania, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Tanzania, Togo, Zaire, Zambia)

CARIBBEAN	5,000

(Bahamas, Bermuda, Dominica, Grenada, Guadeloupe, Martinique, Netherlands Antilles, St. Lucia, St. Vincent, Trinidad and Tobago)

CENTRAL AMERICA	7,500

(Belize, El Salvador, Guatemala, Honduras, Nicaragua, Panama)

PERSIAN GULF 5,000

(Bahrain, Kuwait, Oman, Qatar, United Arab Emirates)

EURASIA 20,000

(Russia, Byelarus, Kazakhstan, Moldova, Uzbekistan, Turkmenistan, Ukraine, Armenia, Kyrgyzstan, Azerbaijan, Tajikistan, Georgia)

Quantities of U.S. Butterfat Eligible for Shipment with Bonuses to Eligible Countries under the DEIP

Country/ Region	Allocation (MT)	Country	Allocation (MT)
Algeria	5,000	Bolivia	100
China	1,000	Cyprus	200
Egypt	5,000	Faroe Islands	100
French Guiana	100	Greenland	100
Israel	200	Jordan	1,000
Malta	100	Morocco	3,000
Pakistan	1,000	Peru	1,000
Saudi Arabia	5,000	Suriname	100
Tunisia	1,000	Turkey	500
Venezuela	300		

AFRICA 5,000

(Angola, Benin, Burkina, Cameroon, Canary Islands, Cape Verde, Congo, Cote d'Ivoire, Djibouti, Gabon, Ghana, Guinea, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Tanzania, Togo, Zaire)

CARIBBEAN	1,500

(Bahamas, Dominica, Dominican Republic, Guadeloupe, Martinique, Netherlands Antilles, St. Lucia, St. Vincent, Trinidad and Tobago)

CENTRAL AMERICA	500

(El Salvador, Guatemala, Honduras, Nicaragua)

PERSIAN GULF	5,000

(Bahrain, Kuwait, Oman, Qatar, United Arab Emirates)

EURASIA	5,000

(Russia, Byelarus, Kazakhstan, Moldova, Uzbekistan, Turkmenistan, Ukraine, Armenia, Kyrgyzstan, Azerbaijan, Tajikistan, Georgia)

Quantities of U.S. Cheddar Cheese Eligible for Shipment with Bonuses to Eligible Countries under the DEIP

Country/ Region	Allocation (MT)	Country	Allocation (MT)
Algeria	2,000	Egypt	500
Malta	300	Morocco	500
Turkey	100	Bahrain	100
Cyprus	200	Jordan	100
Kuwait	100	Oman	100
Qatar	100	Saudi Arabia	500
United Arab Emirates	100		

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USDA REACHES AGREEMENT ON SWINE EXPORTS TO MEXICO

WASHINGTON, Jan. 15—Secretary of Agriculture Edward Madigan today announced swine from the United States destined for slaughter or breeding purposes can once again be exported to Mexico.

Mexico enacted the temporary ban prohibiting the movement of live hogs from the United States on Dec. 15, 1991. The ban also applied to Canadian swine imported for breeding or slaughter.

"The removal of the temporary ban will allow pork producers and others to resume extensive agricultural trading with Mexico, one of our largest trading partners," Madigan said. "In 1991, U.S. farmers exported more than 195,000 swine to Mexico."

Madigan said USDA and Mexican officials reached agreement in Miami, Fla., yesterday to resume U.S. exportation of swine next week.

"After productive negotiations with Mexican animal health officials, we have developed certification and notification procedures that should allay Mexico's concern about possible introductions of swine infertility and respiratory syndrome," said Madigan.

Swine intended for slaughter must be clinically free of swine infertility and respiratory syndrome (SIRS, sometimes called "mystery swine disease') during marketing and at the time of shipment. Trucks will be sealed at the border with seals that can only be removed by Mexican animal health officials at a federally inspected slaughter facility in Mexico. Permits for the movement of swine into Mexico will be issued, subject to the terms of the agreement, five days after application.

The USDA certification plan provides that health certificates can be issued for breeding animals from hog farms where there have been no observed clinical signs of SIRS in the previous 24 months.

In addition, no swine from SIRS-affected herds can be introduced into disease-free herds for 30 days prior to the issuance of the health certificate.

In a meeting held last month, the two countries agreed upon a 45-day advance notification period for any impending trade restriction imposed by either government's animal and plant health agency. Direct communication between the two agencies was also encouraged, including bilateral consultation between technical experts prior to the imposition of any trade restriction.

Swine infertility and respiratory syndrome causes anorexia, respiratory

distress and reproductive problems such as abortions, early farrowings and stillbirths. The disease is self-limiting—clinical signs usually last between two to four months in a herd before normal productivity resumes. The disease is believed to be transmitted by contact between animals.

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USDA PROTECTS 11 NEW PLANT VARIETIES AND REISSUES ONE CERTIFICATE WASHINGTON,

Jan. 15—The U.S. Department of Agriculture has issued certificates of protection to developers of 11 new varieties of seedreproduced plants including field bean, creeping bentgrass, corn, onion, orchardgrass, rape, sorghum, soybean and tomato.

Kenneth H. Evans, with USDA's Agricultural Marketing Service, said developers of the new varieties will have the exclusive right to reproduce, sell, import and export their products in the United States for 18 years. Certificates of protection are granted after a review of the breeders' records and claims that each new variety is novel, uniform and stable.

The following varieties have been issued certificates of protection:

—the D81126 variety of field bean, developed by the Rogers NK Seed Co., Boise, Idaho;

—the National variety of creeping bentgrass, developed by Pickseed West Inc., Tangent, Ore.;

—the PHN46 variety of corn, developed by Pioneer Hi-Bred International Inc., Johnston, Iowa;

—the Emerald Isle variety of onion, developed by the Asgrow Seed Co., Kalamazoo, Mich.;

—the Summer Green variety of orchardgrass, developed by the Snow Brand Seed Co., Tokyo, Japan;

—the Delta variety of rape, developed by W. Weibull AB, Sweden;

—the PH310 variety of sorghum, developed by Pioneer Hi-Bred International Inc., Plainview, Texas;

—the HS 2821 variety of soybean, developed by Growmark Inc., Bloomington, Ill.;

—the CX329 variety of soybean, developed by DeKalb Plant Genetics, DeKalb, Ill.;

—the Sun 1643 variety of tomato, developed by Sunseeds Genetics Inc., Hollister, Calif.; and

—the NC 8288 variety of tomato, developed by the North Carolina Agricultural Research Service, Raleigh, N.C.

The certificate of protection for the Coker 9766 wheat variety, owned by Northrup King Co., Minneapolis, Minn. is being reissued at this time specifying that seed of this variety may be sold by variety name only as a class of certified seed.

The plant variety protection program is administered by AMS and provides marketing protection to developers of new and distinctive seedreproduced plants ranging from farm crops to flowers.

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